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| HIGH LIFE HIGHLAND  REPORT TO BOARD OF DIRECTORS  12 December 2014 | AGENDA ITEM  REPORT No HLH /14 |

## **FINANCE REPORT - Report by Chief Executive**

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| **Summary** This report provides Directors with an update on the financial performance of High Life Highland for the period ending 31 October 2014.  It is recommended that Directors note:   1. the current financial position of High Life Highland as detailed in **Appendix A**; 2. the financial results for the 7 months to 31 October 2014 reports a positive variance on budget of £28,140; and 3. the projected final out-turn for the year remains on target to the approved budget with a projected positive to budget of c.£30K. |

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| **1.** | **Business Plan Contribution** |
| 1.1 | This report supports the highlighted Business Outcome from the High Life Highland (HLH) Business Plan:   1. A positive company image 2. A growing company 3. Delivery of the contract with THC 4. Increased awareness of our products and services 5. Increased customer satisfaction 6. **Increased financial sustainability** 7. Increased internal collaboration 8. Increased staff satisfaction 9. Safety & environmental compliance |
| **2.** | **Background** |
| 2.1 | Directors of HLH receive a Finance Report on a quarterly basis. The primary purpose of the report is to summarise the financial performance of the organisation and its subsidiaries. |
| **3.** | **Financial Performance to 31 October 2014** |
| 3.1  3.2  3.3  3.4 | The out-turn figure for the period to 31 October 2014 has been prepared.  HLH’s consolidated financial performance for the year is summarised by the 9 business areas at **Appendix A.** The out-turn for the period is split by cost category (revenues, staff costs and other costs) at **Appendix B**.  This shows total revenues in excess of budget by £253K (mainly due to timing of grant receipts upfront primarily in Youth Work and Sports together with seasonal activity in Outdoor Activities), staff costs under budget by £33K and other costs over budget by £257K (mainly down to the associated costs of delivering increased activity in Outdoor activity, Youth work and Sports). The additional income in Youth Work, Sport and Outdoor Activities must therefore be analysed in conjunction with the additional staff costs and other costs incurred as a result of receiving the grants – Summary table 3.4 shows the net effect.  Summary results – Youth Work, Sports and Outdoor Activities   |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Variance Report** |  |  |  |  | | **Service** | **Income Var. YTD** | **Other Costs Var. YTD** | **Staff Costs Var. YTD** | **Total Var. YTD** | | Outdoor | £25,054 | (£5,908) | (£18,785) | £360 | | Sport | £48,311 | (£36,237) | (£10,498) | £1,576 | | Youth work | £64,505 | (£42,905) | (£20,287) | £1,314 | | **Surplus (Deficit)** | **£137,870** | **(£85,050)** | **(£49,570)** | **£3,250** |   *A commentary on the major variances (over £5K) is provided at* **Appendix C**. |
| **4.** | **Implications** |
| 4.1  4.2  4.3 | Resource Implications – there are no new resource implications arising from the content of this report  Legal Implications – there are no new legal implications arising from the content of this report.  Risk Implications – there are no new risks arising from the content of this report*.* |
| Recommendation It is recommended that Directors note:-   1. the current financial position of High Life Highland as detailed in **Appendix A**; 2. the financial results for the 7 months to 31 October 2014 reports a positive variance on budget of £28,140; and 3. the projected final out-turn for the year remains on target to the approved budget with a projected positive to budget of c. £30K. | |

Signature:

Designation: Chief Executive

Date: 28 November 2014

**Summary Results - Consolidated** **APPENDIX A**

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| **Consolidated Results** | **Annual Budget** | **Budget YTD** | **Actual YTD** | **Variance YTD** |
| Income | £21,908,500 | £12,458,268 | £12,710,799 | £252,531 |
| Other Costs | (£5,837,591) | (£2,193,215) | (£2,450,906) | (£257,691) |
| Staff Costs | (£16,070,909) | (£9,430,890) | (£9,397,589) | £33,301 |
| **Surplus (Deficit)** | **£0** | **£834,163** | **£862,303** | **£28,140** |

**Breakdown of Results –By Activity APPENDIX B**

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| **Service** | **Annual Budget** | **YTD - Budget** | **Actual - YTD** | **Variance -YTD** |
| Adult | (£774,650) | (£473,773) | (£454,068) | £19,706 |
| Archives | (£589,727) | (£388,753) | (£383,248) | £5,505 |
| Arts | (£289,294) | (£170,540) | (£175,536) | (£4,996) |
| Central Administration | (£210,092) | (£103,804) | (£103,804) | (£0) |
| Facilities | (£2,280,785) | (£1,288,105) | (£1,288,474) | (£369) |
| Libraries | (£3,926,468) | (£2,122,239) | (£2,119,834) | £2,404 |
| Management | (£1,858,199) | (£1,075,818) | (£1,080,808) | (£4,989) |
| Museums | (£552,998) | (£333,343) | (£325,713) | £7,630 |
| Outdoor | (£145,270) | (£73,403) | (£73,043) | £360 |
| SLA | £12,801,825 | £8,193,326 | £8,193,326 | £0 |
| Sport | (£501,956) | (£364,590) | (£363,014) | £1,576 |
| Youth work | (£1,672,386) | (£964,795) | (£963,481) | £1,314 |
| **Grand Total** | **(£0)** | **£834,163** | **£862,303** | **£28,140** |

**Breakdown of Variance - By Activity Appendix B Contd.**

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| **Service** | **Income Var. YTD** | **Other Costs Var. YTD** | **Staff Costs Var. YTD** | **Total Var. YTD** |
| Adult | (£0) | (£1,505) | £21,211 | £19,706 |
| Archives | £4,547 | (£2,913) | £3,871 | £5,505 |
| Arts | £34,556 | (£33,140) | (£6,412) | (£4,996) |
| Facilities | £54,292 | (£96,155) | £41,494 | (£369) |
| Libraries | (£11,702) | (£7,295) | £21,402 | £2,404 |
| Management | £10,542 | (£17,789) | £2,257 | (£4,989) |
| Management - H &W Project | £8,319 | (£3,714) | (£4,605) | (£0) |
| Museums | £14,107 | (£10,130) | £3,653 | £7,630 |
| Outdoor | £25,054 | (£5,908) | (£18,785) | £360 |
| SLA | £0 | £0 | £0 | £0 |
| Sport | £48,311 | (£36,237) | (£10,498) | £1,576 |
| Youth work | £64,505 | (£42,905) | (£20,287) | £1,314 |
| **Surplus (Deficit)** | **£252,531** | **(£257,691)** | **£33,301** | **£28,140** |

**Explanation of Major Variance (Over £5K) – By Activity Appendix C**

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|  | Total | Income | Other Costs | Staff Costs |
| Adult | 19,706 | On Target | On Target | Costs Under Budget - Staff Vacancies |
| Archives | 5,505 | On target | On Target | On Target |
| Arts | (4,996) | Income Over budget - Additional Income from THC for consultancy ( Staff Member) YTD £19.5K | Costs Over Budget -Exhibits (£25K) and Consultancy to cover Manager backfill –*net surplus of £8K on THC project* | Costs Over Budget - Acting up allowance and Cover ref: Additional Income |
| Facilities | (369) | Income over budget due £54K, mainly in the areas of Lettings, High Life Income and Recharges for Projects | Costs Over budgets – Additional Costs incurred to generate additional Income (£30K), Utilities / Rent (£21.5K) – £6K ref: utilities may be recovered from THC, Performing Rights charges (£6K), Other costs (£15K) – may reverse by year end, Payment to other establishments (£6K) under review | Costs under budget as a result of staff efficiencies |
| Libraries | 2,404 | Income under budget Vending and lending Audio Visual | Cost Over Budget – Budget Profile will reverse to year end | Costs Under Budget - Staff Vacancies |
| Management | (4,989) | Income Over budget - Consultancy fees with the THC | Costs Over Budget -Travel & Hospitality & Cleaning / ICT supplies Areas being addressed with cost curtailment committee | On target |
| Museums | 7,630 | Income Over budget - HFM £6.6K, IMAG £3.3K and Timespan £4K | Costs Over Budget -Associated Cost of Sales for additional income HFM (£2K), Mentoring Fees (£3.6K) and Works ( repairs) £4.7K | On target |
| Outdoor | 360 | Income Over Budget - Additional Income generated from Activities, letting activities £25K | Costs Over budget - Associated costs of delivering additional Programme. Payment to Sports Instructors (£7K), Supplies (£2.7K), Cleaning £2K and Catering £1.8K | Costs Over budget - Additional Tutor Costs of running activities (£13.8K), Standby/ Allowances (£3.7K) and |
| Sport | 1,576 | Income Over Budget Additional Income generated by Active schools –Coached Activity / Admission Charges £33K, Training Courses £6.4K, Event Income £2K | Costs Over budget - Additional costs for running the ASC Activities, Equipment Purchase (£3K), Hire Hall (£3K), Payment to Contractors & Establishments (£7.7K), Payment to sports Instructors (£13.4K), Project/ Events (£2.5K) | Costs Over Budget - Additional Staff Costs - ASC Activity, (£8.4K) and Training (£1.3K) |
| Youth-work | 1,314 | Income Over Budget – Grants Received - for youth work programme £54K, Admission Charges £4.3K and Donations/ Sponsorship £2.3K | Costs Over Budget - Additional Other costs paid out of fund , Project Costs (£19.9K), Duke Of Edinburgh Costs (£3.2K), Equipment (£12.8K) and Hire of Hall (£3.5K) | Cost over budget - Additional Seasonal Staff costs paid out of fund – (£20K) |